

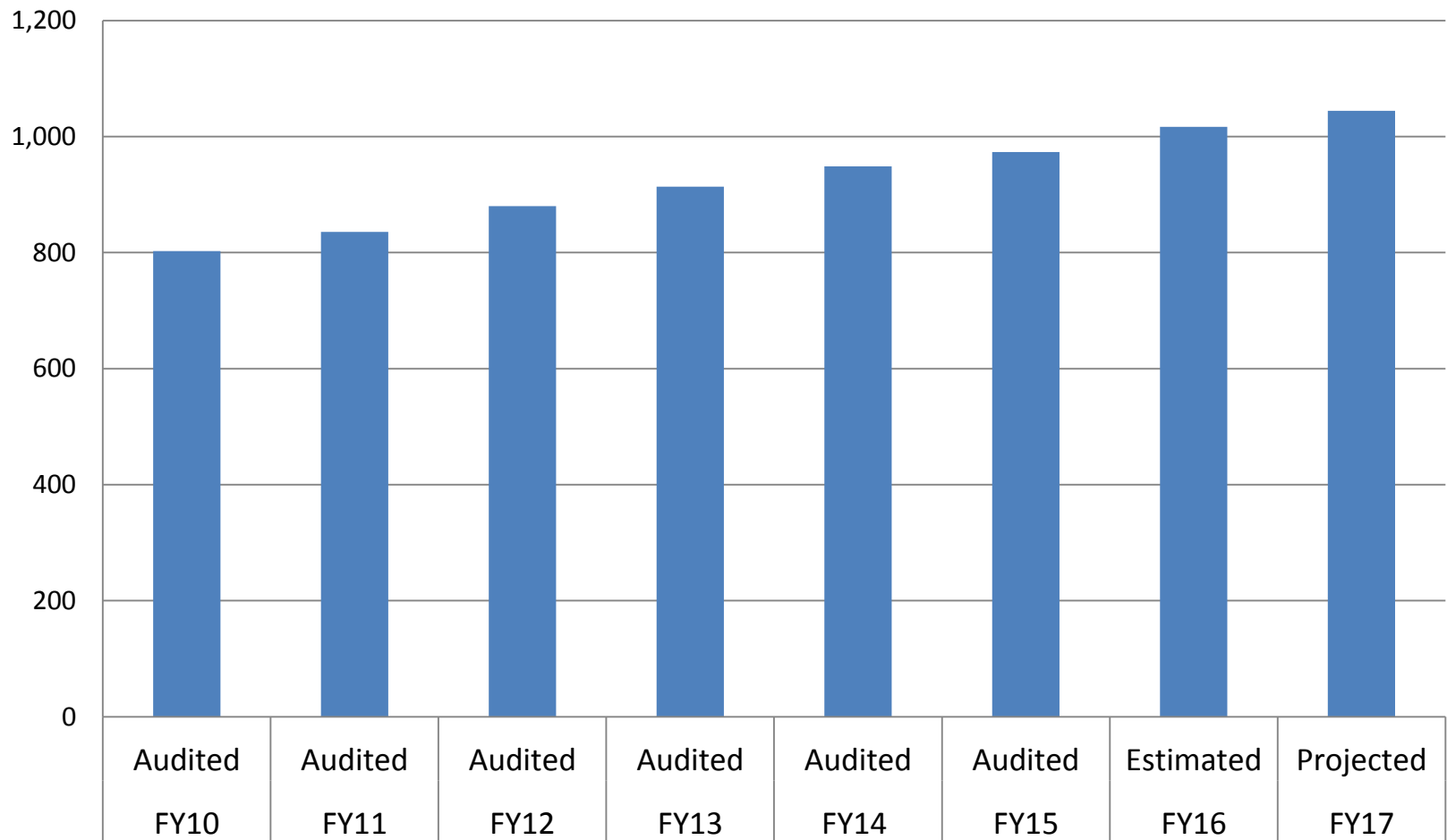
# FY17 Fiscal Outlook Overview

Spending Affordability Advisory Committee

2/10/2016

# General Fund History

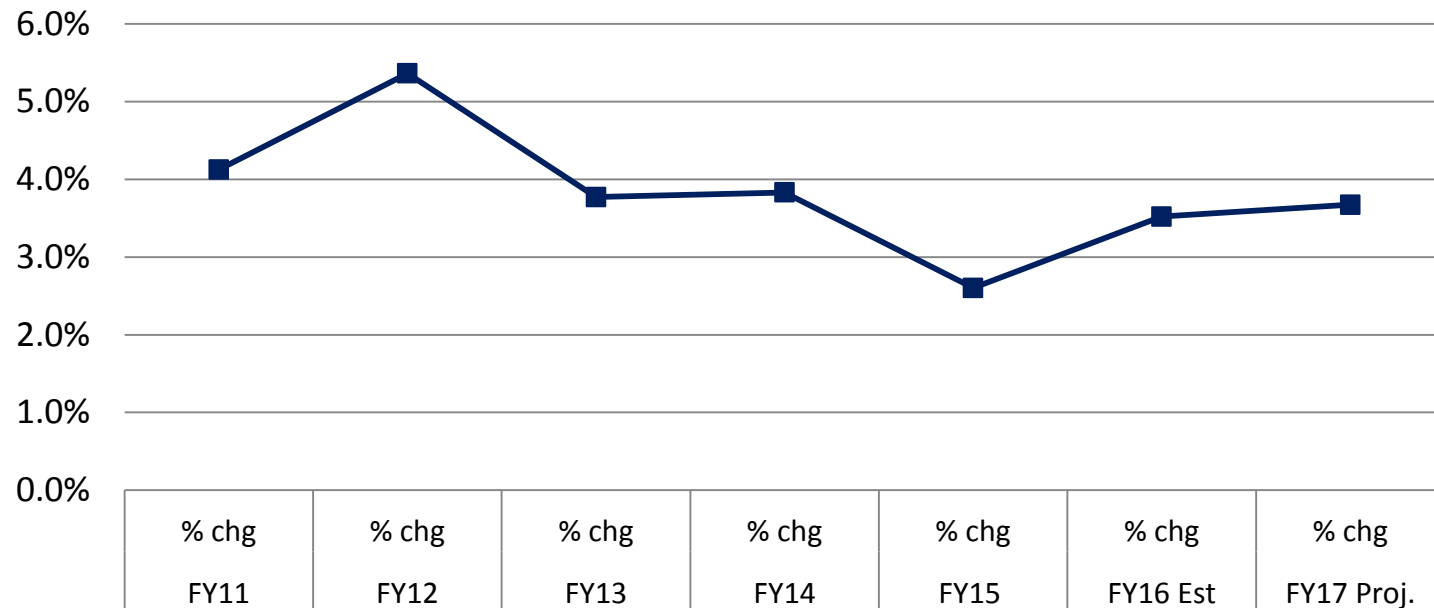
## General Fund Revenue History and Outlook (\$ in Millions)



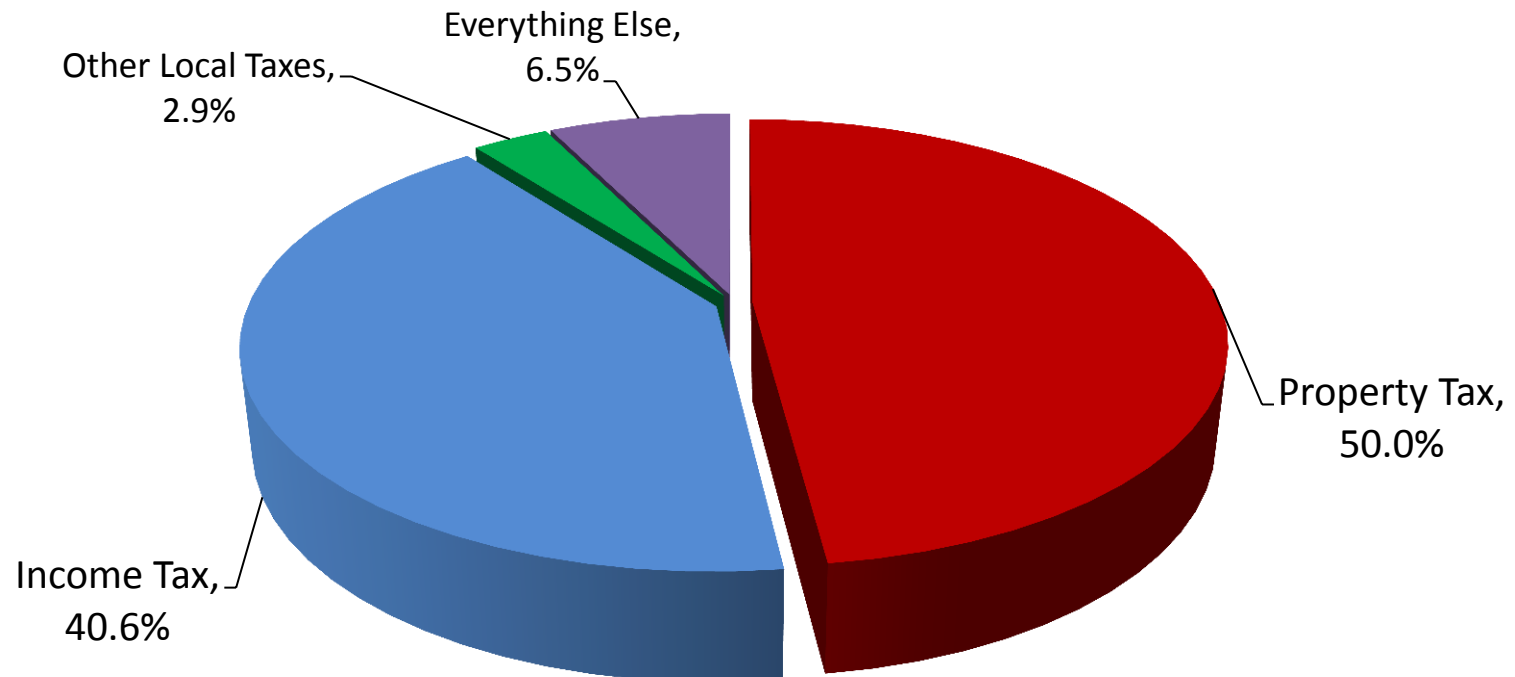
# General Fund Annual % Changes

- Revenue growth has been trending down in recent years.
- A moderate recovery is anticipated in FY 2016 and FY 2017

**General Fund Revenues Annual % Change  
(Excluding Non-Recurring Revenues)**



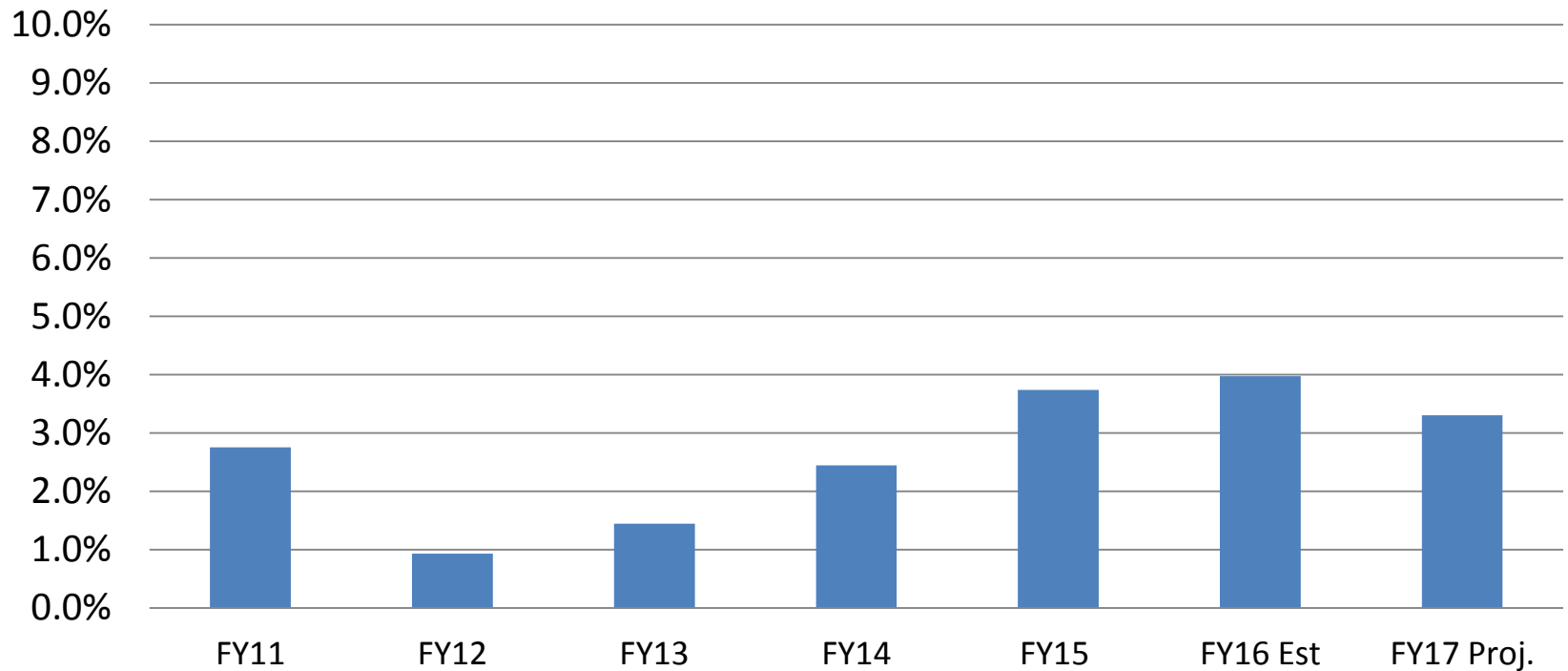
# Property Taxes and Income Taxes Represent 90% of General Fund Revenues



FY 2016 General Fund ( not including one time funds)

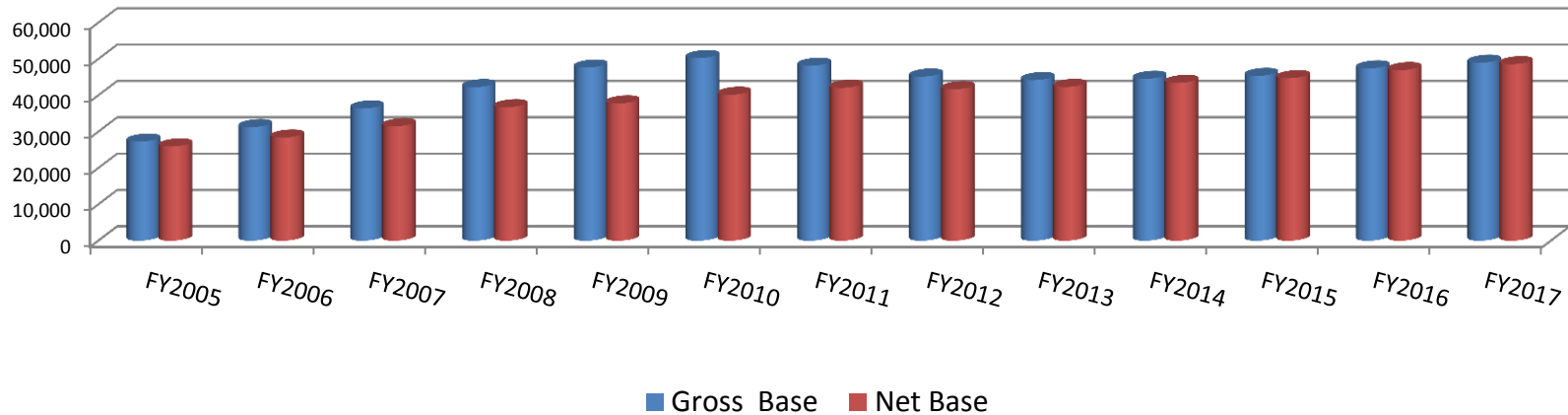
# Property Taxes Expected to Maintain A Slow But Steady Growth

## Property Tax Revenues Annual % Change

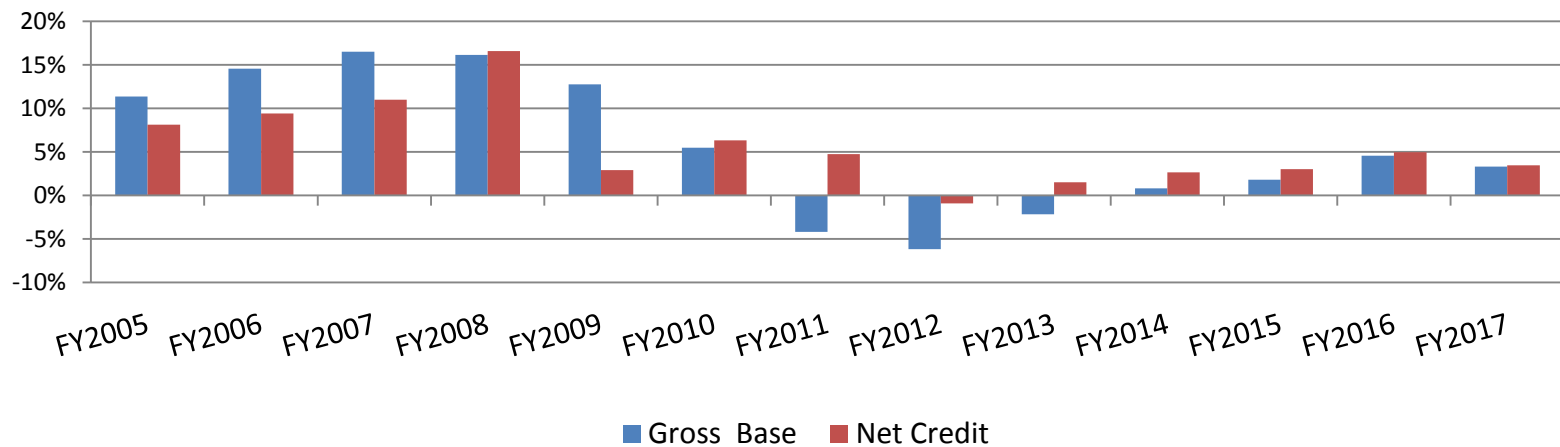


# County Property Tax Assessable Base Trend

## Gross vs. Net Assessable Base by Fiscal Year (\$'000,000)



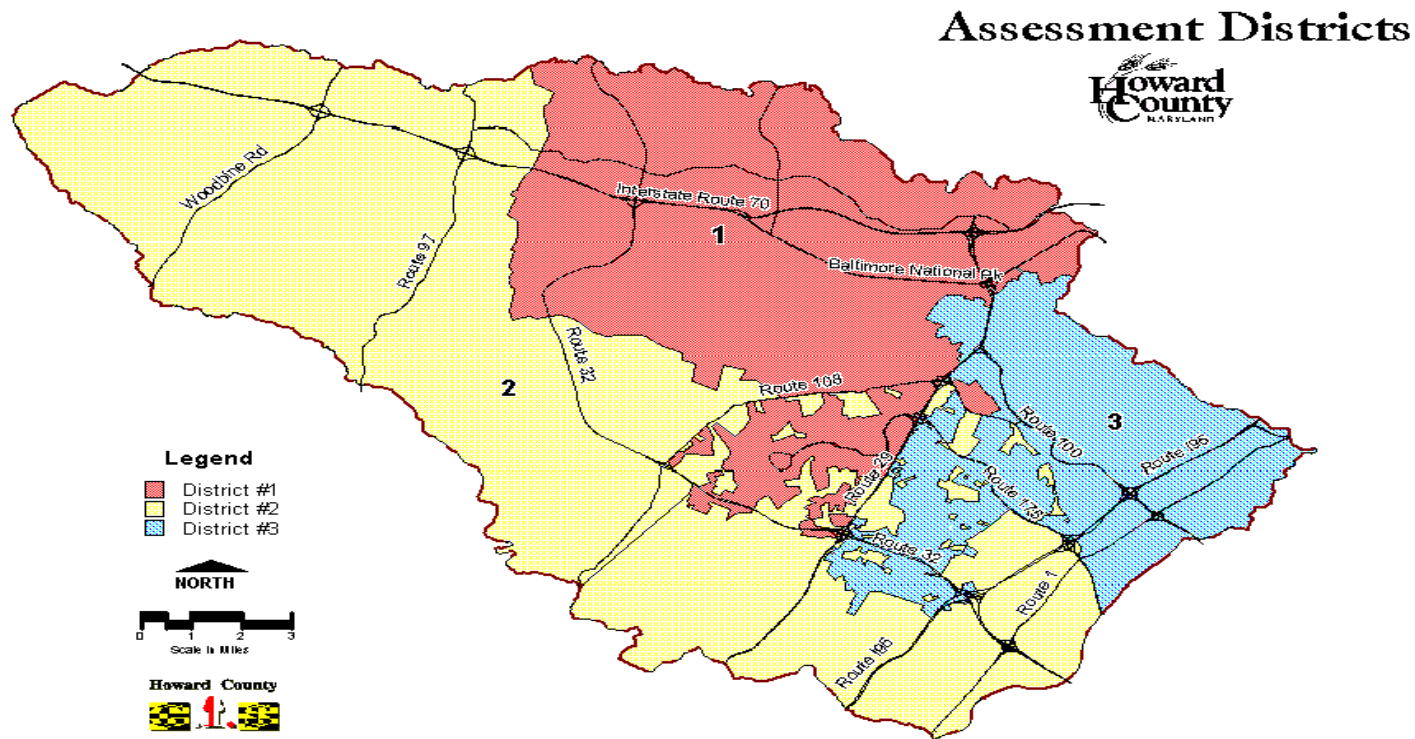
## Percent Change by Fiscal Year



# What Drives Property Tax Growth?

- **Reassessment Growth**
  - Group 1: 9% (or 3.0% per year)Compared to:
  - Group 2: 8.1%
  - Group 3: 10.5%
- **Homestead Tax Credit**
  - Decreases continuously
- **New Constructions**

# Howard County Assessment Areas



# Reassessment – Total

Reassessment Triennial Change in Full Cash Value (Total) Before Three-Year Phase-In

January 1, 2010 through January 1, 2016

	2010	2011	2012	2013	2014	2015	2016
	Gr. 1	Gr. 2	Gr. 3	Gr. 1	Gr. 2	Gr.3	Gr. 1
Anne Arundel	-17.9%	-16.6%	-12.6%	-1.9%	9.9%	10.8%	11.5%
Baltimore City	-2.6%	-8.7%	-6.8%	-3.1%	7.0%	9.6%	10.9%
Baltimore	-13.2%	-13.6%	-14.5%	-8.1%	1.2%	6.4%	12.4%
Harford	-14.3%	-15.3%	-5.8%	-6.5%	1.6%	3.1%	3.2%
<b>Howard</b>	<b>-19.8%</b>	<b>-18.8%</b>	<b>-8.7%</b>	<b>2.5%</b>	<b>8.1%</b>	<b>10.5%</b>	<b>9.0%</b>
Montgomery	-17.0%	-14.5%	-8.6%	4.1%	11.0%	18.7%	11.1%
Prince George's	-18.4%	-28.7%	-24.8%	-10.6%	5.3%	19.5%	24.7%
<b>State Average</b>	<b>-16.1%</b>	<b>-17.9%</b>	<b>-13.0%</b>	<b>-3.6%</b>	<b>4.7%</b>	<b>10.8%</b>	<b>10.9%</b>

# Reassessment – Residential

Reassessment Triennial Change in Full Cash Value (Residential) Before Three-Year Phase-In

January 1, 2010 through January 1, 2016

	2010	2011	2012	2013	2014	2015	2016
	Gr. 1	Gr. 2	Gr. 3	Gr. 1	Gr. 2	Gr.3	Gr. 1
Anne Arundel	-19.7%	-23.0%	-14.5%	-3.7%	2.8%	10.2%	10.1%
Baltimore City	-5.5%	-13.6%	-9.8%	-7.8%	4.4%	6.7%	4.9%
Baltimore	-17.8%	-18.3%	-19.0%	-15.8%	-2.9%	5.2%	10.9%
Harford	-15.4%	-17.3%	-10.2%	-7.9%	-0.5%	-1.2%	2.5%
<b>Howard</b>	<b>-23.1%</b>	<b>-22.6%</b>	<b>-12.2%</b>	<b>-0.2%</b>	<b>5.7%</b>	<b>9.5%</b>	<b>7.3%</b>
Montgomery	-19.4%	-17.4%	-12.7%	1.7%	5.8%	11.5%	9.6%
Prince George's	-26.7%	-35.0%	-36.5%	-21.5%	4.2%	23.1%	29.8%
<b>State Average</b>	<b>-19.7%</b>	<b>-21.9%</b>	<b>-17.1%</b>	<b>-6.9%</b>	<b>1.3%</b>	<b>8.1%</b>	<b>9.5%</b>

# Reassessment – Commercial

Reassessment Triennial Change in Full Cash Value (Commercial) Before Three-Year Phase-In

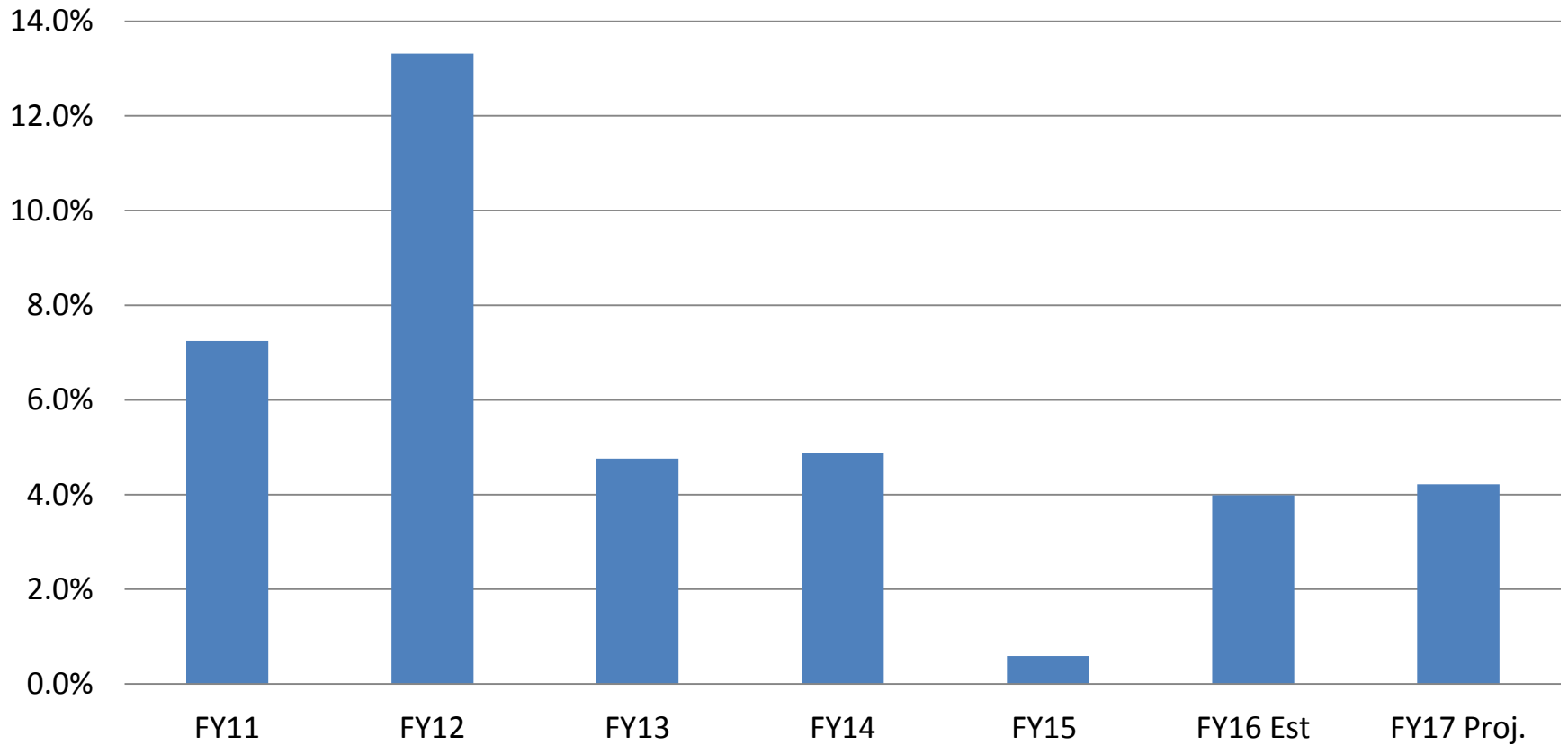
January 1, 2010 through January 1, 2016

	2010	2011	2012	2013	2014	2015	2016
	Gr. 1	Gr. 2	Gr. 3	Gr. 1	Gr. 2	Gr.3	Gr. 1
Anne Arundel	3.0%	-0.7%	-1.9%	14.4%	23.0%	13.8%	22.4%
Baltimore City	3.8%	1.0%	-0.1%	7.5%	10.3%	14.4%	21.4%
Baltimore	4.0%	1.3%	3.1%	15.4%	12.2%	10.3%	16.1%
Harford	0.1%	-1.7%	9.2%	6.4%	12.9%	14.7%	9.6%
<b>Howard</b>	<b>2.3%</b>	<b>0.4%</b>	<b>3.1%</b>	<b>17.0%</b>	<b>17.6%</b>	<b>13.4%</b>	<b>16.5%</b>
Montgomery	8.1%	-1.8%	1.9%	23.1%	31.4%	34.4%	20.9%
Prince George's	10.5%	0.7%	3.6%	16.1%	8.9%	13.8%	15.7%
<b>State Average</b>	<b>5.0%</b>	<b>-0.8%</b>	<b>1.1%</b>	<b>11.4%</b>	<b>16.3%</b>	<b>18.6%</b>	<b>16.1%</b>

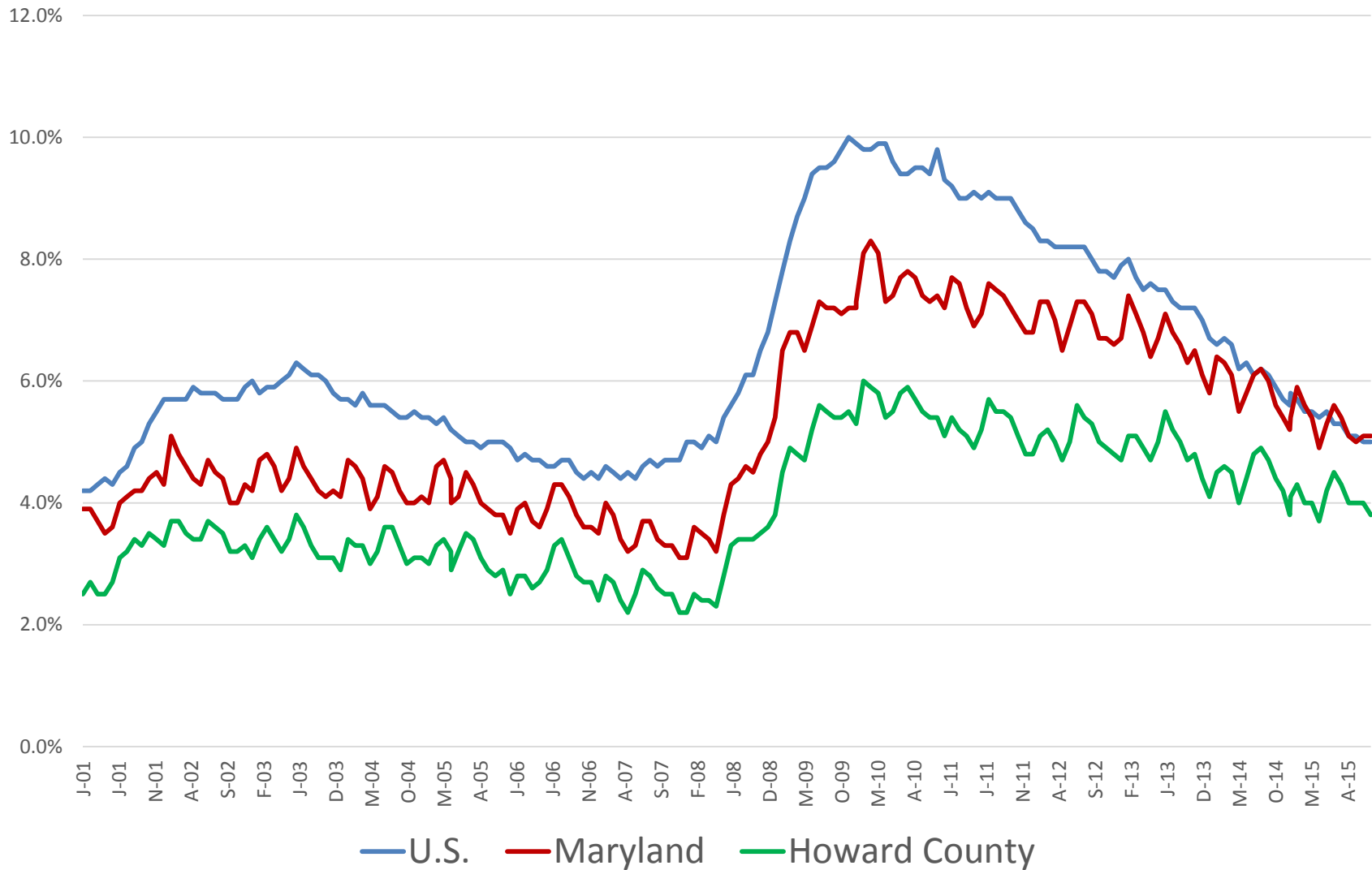
# County Assessable Base Components

	2010	2011	2012	2013	2014	2015
Residential	84.7%	83.5%	82.7%	82.3%	82.1%	82.1%
Commercial	14.3%	15.4%	16.3%	16.7%	16.9%	16.9%
Agriculture	1.0%	1.1%	0.9%	1.0%	1.0%	0.9%

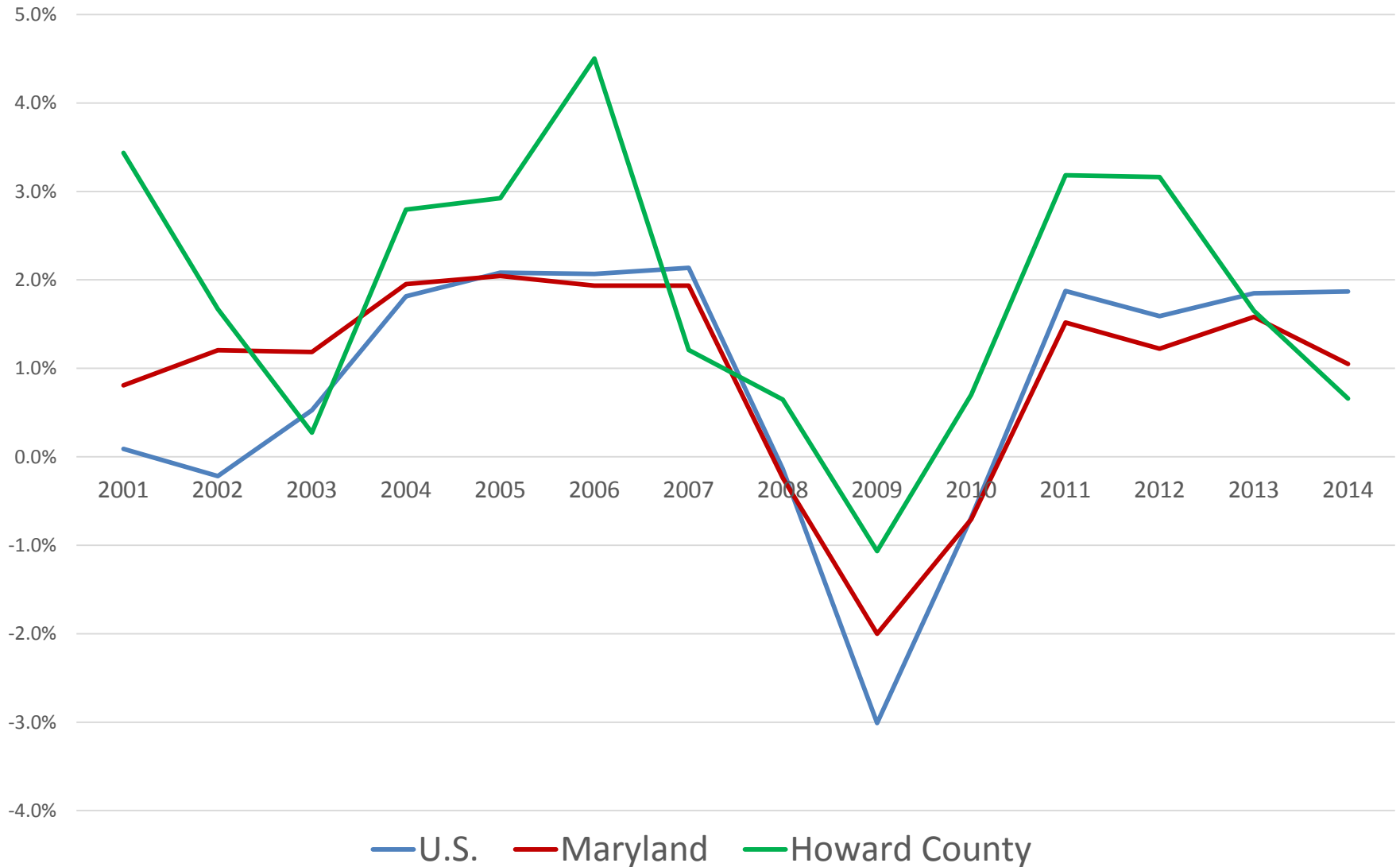
# Income Tax Revenues Annual % Change



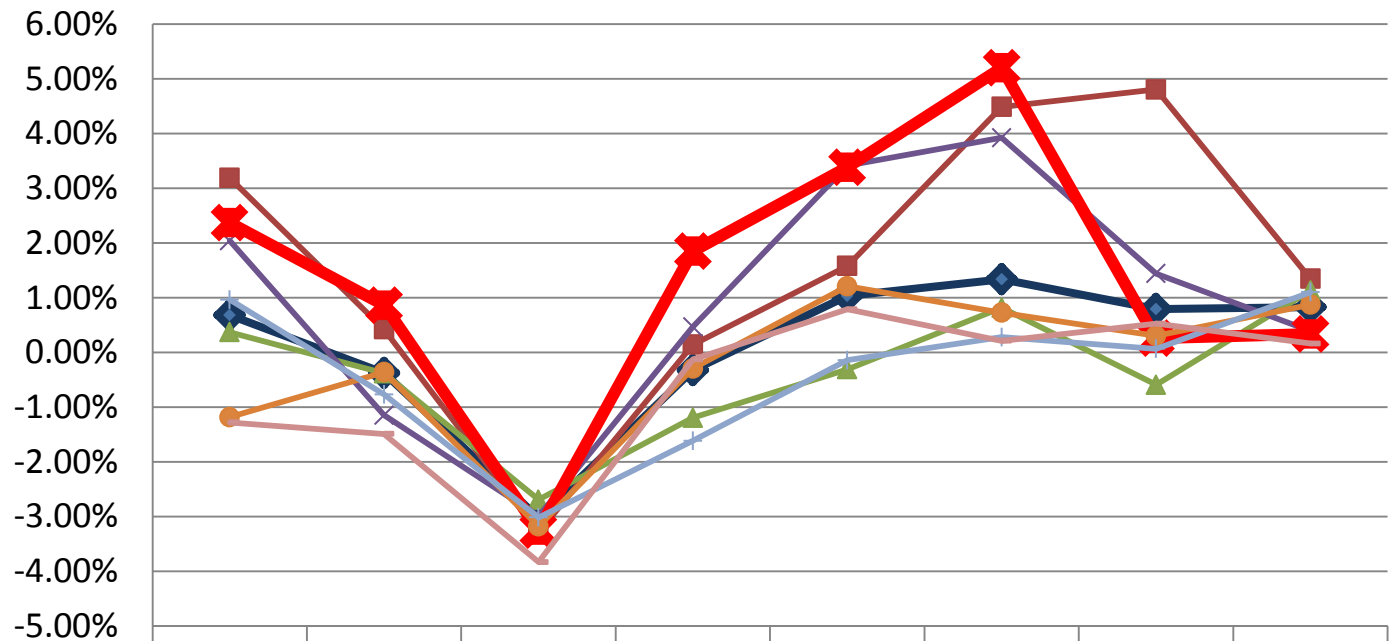
# Unemployment Rate -- U.S., Maryland and Howard County



## Employment Growth -- U.S., Maryland and Howard County



## Annual Employment Growth Comparison (Source: BEA)



◆ Maryland	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
■ Anne Arundel County	0.69%	-0.38%	-3.02%	-0.32%	1.03%	1.34%	0.80%	0.83%
▲ Baltimore County	3.19%	0.42%	-3.28%	0.14%	1.58%	4.49%	4.81%	1.35%
✕ Harford County	0.37%	-0.38%	-2.69%	-1.19%	-0.31%	0.82%	-0.59%	1.13%
◆ Howard County	2.04%	-1.15%	-2.99%	0.47%	3.42%	3.93%	1.44%	0.39%
● Montgomery County	2.37%	0.86%	-3.25%	1.85%	3.39%	5.20%	0.26%	0.34%
+ Prince George's County	-1.18%	-0.36%	-3.18%	-0.29%	1.21%	0.73%	0.30%	0.87%
— Baltimore City	0.97%	-0.77%	-3.01%	-1.61%	-0.14%	0.28%	0.07%	1.10%
	-1.28%	-1.49%	-3.83%	-0.13%	0.79%	0.21%	0.53%	0.16%

Chart 6  
Maryland and Howard County Total Employment

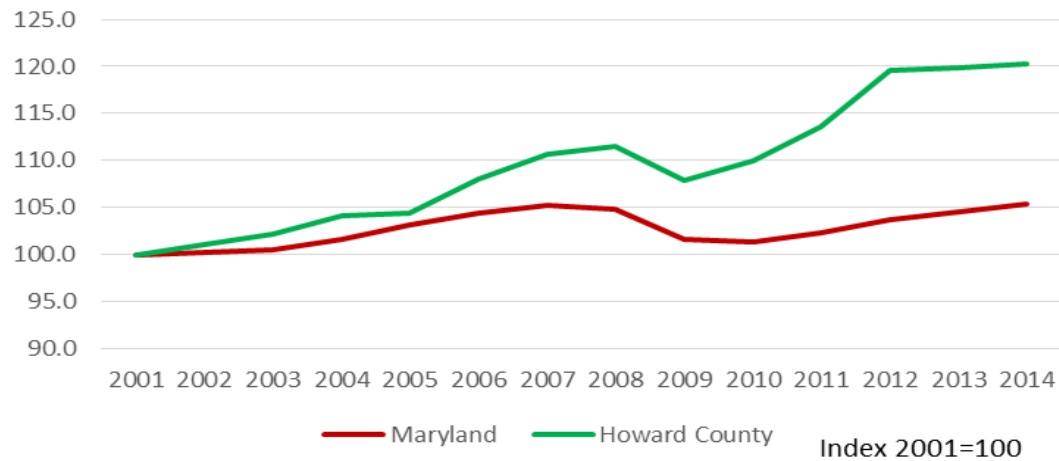


Chart 8  
Maryland and Howard County Prof. Services Employment

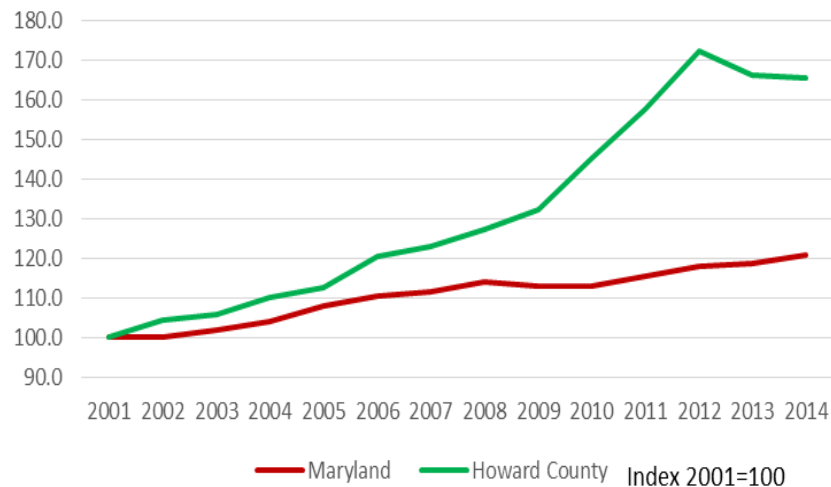
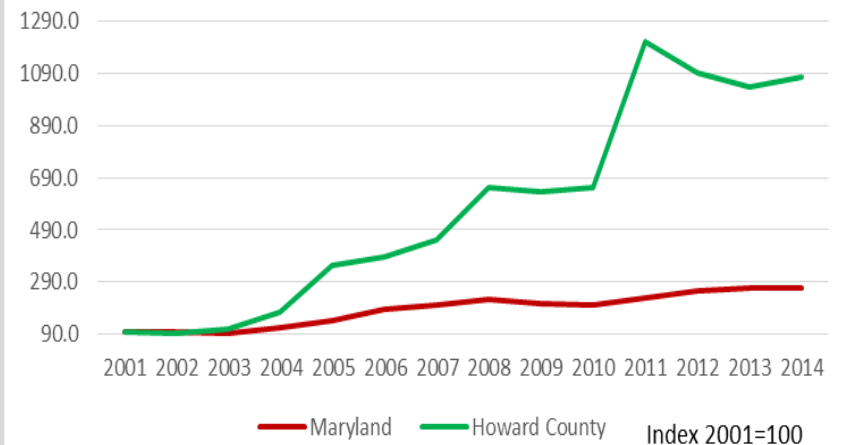
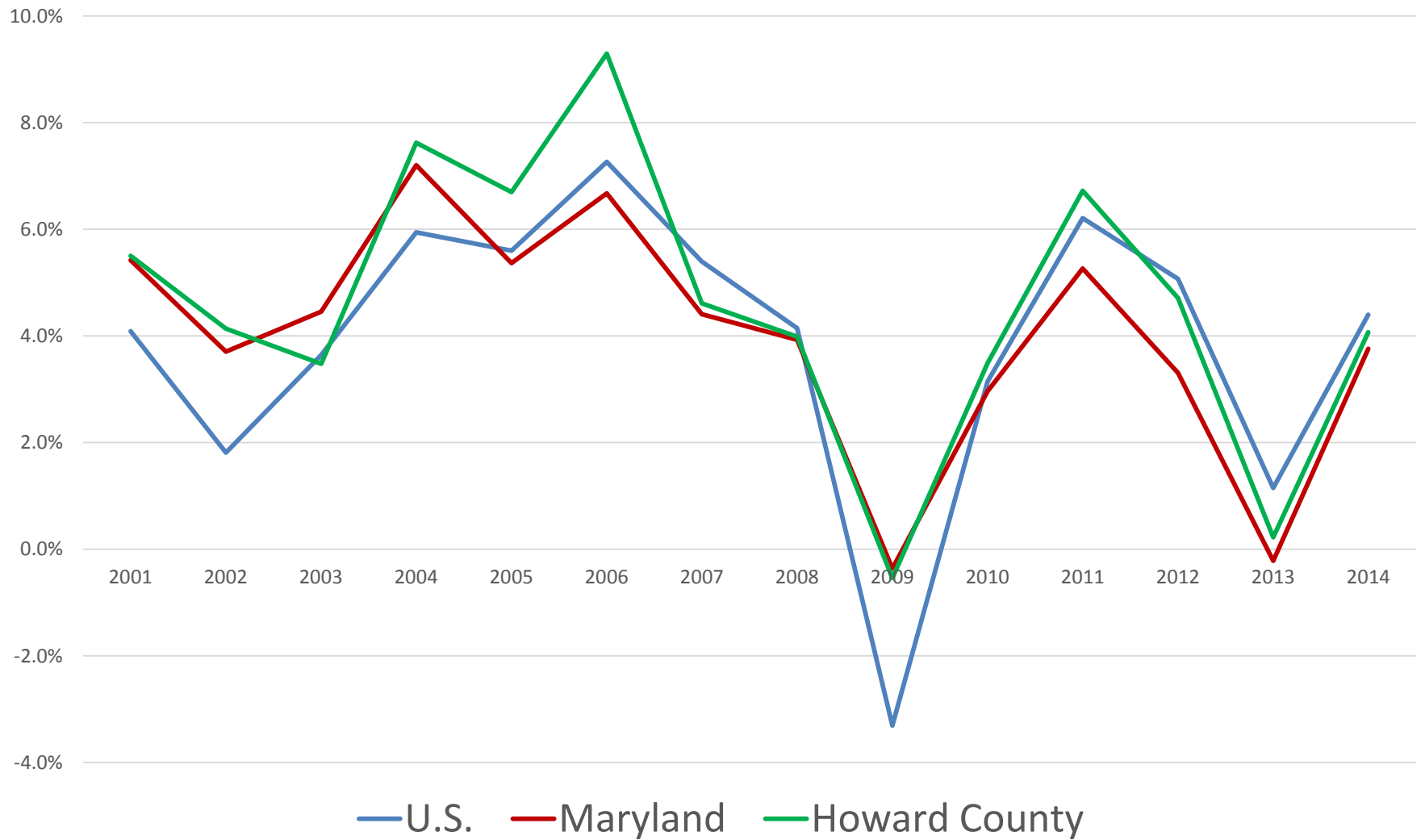


Chart 9  
Maryland and Howard County Management of Companies Employment



## Personal Income Growth -- U.S., Maryland and Howard County



**Howard County Personal Income Projections**  
**Richard Clinch Forecast**

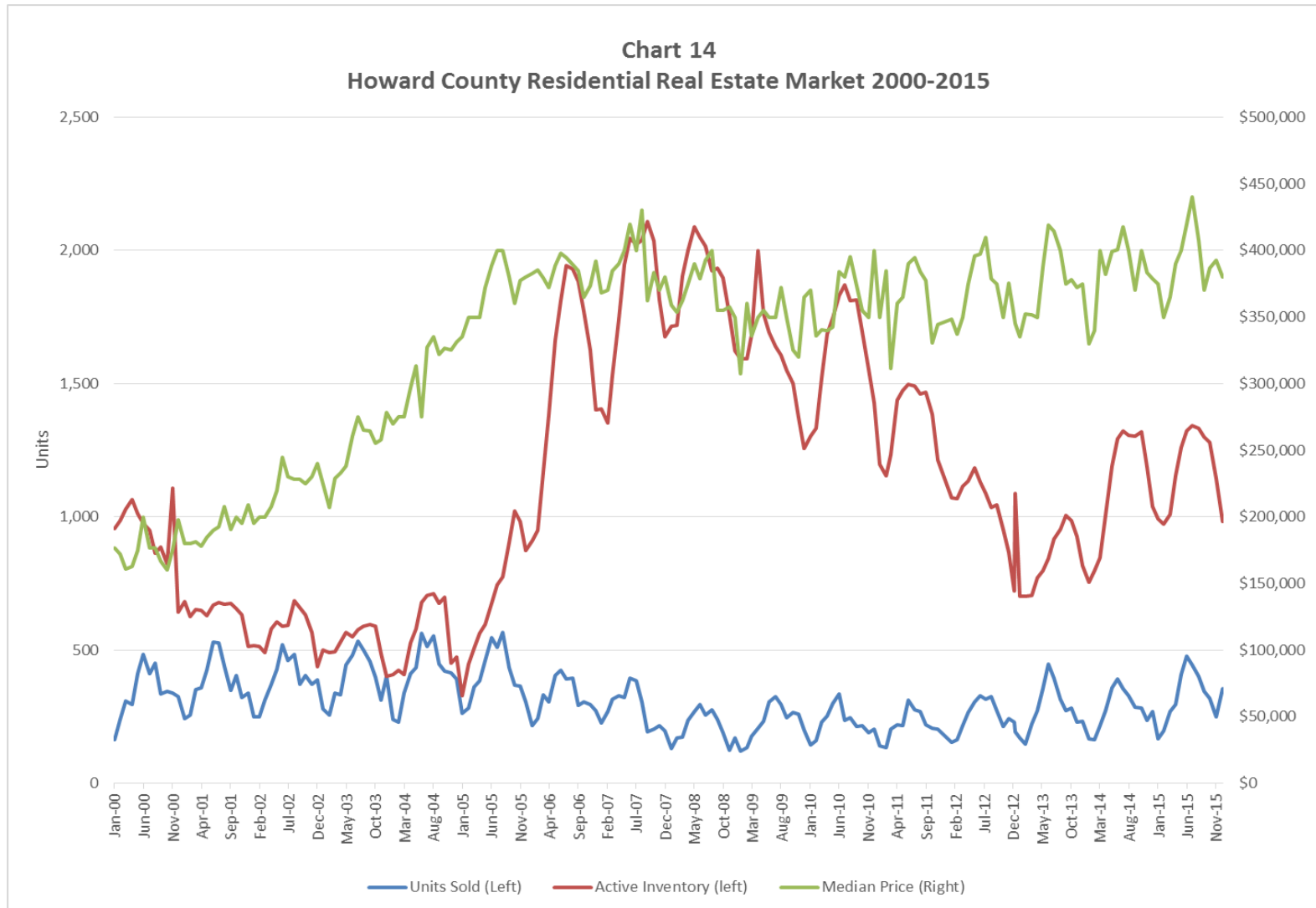
	County Share of				
	County Personal	County PI	State Personal	State PI	Maryland
Year	Income (Mil. \$s)	Growth	Income (Mil. \$s)	Growth	Personal Income
<u>Results by Calendar Year</u>					
2007 Actual	\$16,758	4.6%	\$269,714	4.4%	6.2%
2008 Actual	\$17,427	4.0%	\$280,306	3.9%	6.2%
2009 Actual	\$17,333	(0.5%)	\$279,294	(0.4%)	6.2%
2010 Actual	\$17,938	3.5%	\$287,571	3.0%	6.2%
2011 Actual	\$19,144	6.7%	\$302,712	5.3%	6.3%
2012 Actual	\$20,046	4.7%	\$312,724	3.3%	6.4%
2013 Actual	\$20,091	0.2%	\$312,054	(0.2%)	6.4%
2014 Actual	\$20,909	4.1%	\$323,778	3.8%	6.5%
2015 Forecast	\$21,825	4.4%	\$337,113	4.1%	6.5%
2016 Forecast	\$22,924	5.0%	\$353,102	4.7%	6.5%
2017 Forecast	\$24,202	5.6%	\$371,871	5.3%	6.5%
2018 Forecast	\$25,482	5.3%	\$390,335	5.0%	6.5%
2019 Forecast	\$26,666	4.6%	\$406,961	4.3%	6.6%
2020 Forecast	\$27,790	4.2%	\$422,300	3.8%	6.6%

Source: BEA and JFI

# What Drives Income Tax?

- Personal Income Growth
- Capital Gains: only a small portion of total receipts
- State Distribution Formula/Factor: a lagging Impact
- Wynn Case
  - Potential on-going loss of \$700,000 ~ \$1.5 million per year
  - Potential one-time loss of approximately \$3.5 million based on historical claims processed by the State to date as of January

# County Home Sales Trend



# State Aid Update – Governor's Proposal

- Total State aid to Howard reaches \$336.7 million, an increase of \$18 million, or 5.7% from FY 2016 (State average: 2.5%)
- Of the total, \$325.1 million is designated to education entities directly (not reflected in County General Fund), an increase of \$16.7 million or 5.0%.

**General Fund Revenue History and Projections (\$ in Millions)**

	FY14	FY15	FY16	FY16	FY17
	Audited	Audited	Approved	Estimated	Projected
Property Tax	459.0	476.2	490.7	495.1	511.4
Income Tax	392.7	395.0	407.4	410.7	428.1
Recordation Tax	19.0	21.2	21.0	22.5	23.2
Other Local Tax	8.2	9.2	8.7	9.0	9.2
State Shared Tax	1.2	1.5	1.5	1.5	1.6
Licenses & Permits	6.7	6.6	6.6	6.6	6.7
Revenue From Other Govts.	7.3	6.5	6.8	6.6	6.8
Charges for Services	14.0	13.6	13.5	13.8	14.0
Fines & Forfeitures	2.9	3.1	4.1	3.1	3.2
Interest & Property Sales	0.6	0.6	10.1	10.0	0.5
Inter Fund Reimb.	11.6	14.1	15.0	14.4	14.7
Return of Funding	0.8	0.4	2.7	0.4	0.4
Misc. Rev	2.9	2.6	2.3	2.3	2.3
Appr From Fund Balance	14.7	39.8	0.5	0.5	4.2
Transfers In.	21.7	22.8	21.6	21.1	22.5
<b>Total</b>	963.4	1,013.1	1,012.3	1,017.5	1,048.8
<b>Total w/o Fund Balance</b>	<b>948.6</b>	<b>973.3</b>	<b>1,011.9</b>	<b>1,017.1</b>	<b>1,044.6</b>

FY16 estimate exceeds budget by \$5 million based on YTD collections.

FY17 projected revenues are \$32.7 million (3.2%) higher than FY16 budget.

# FY 2017 Fiscal Outlook

- Revenues are expected to experience a moderate growth in foreseeable future
  - Highly skilled and educated County workforce
  - Anticipated (re)development projects
  - Slow but steady recovery in assessable base and real estimate market
- A mismatch between a moderate revenue growth and high demands on services/costs will likely remain
  - Expenditure pressure will remain high, driven by mandates and committed growth alone (e.g., maintenance-of-efforts funding to the Board of Education, debt services, benefit cost increases, etc.)
  - In addition, huge demands exist from various services in the community (e.g., education, public safety, senior citizens, snow removal and road resurfacing, park and recreation, etc.)